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Approved For Release 2000/09/01 : CIA-RDP82-00283R000200200003-1

3 July 1968

MEMORANDUM FOR: Executive Secretary, EIC

SUBJECT : Report for FY 1968 of the EIC Subcommittee on
International Trade and Finance

A. Activities of the Subcommittee During Fiscal Year 1968

1. Review of the Intelligence Product in the Subcommittee's
Field of Competence

Through its long-established channels of communication, both formal and informal, Subcommittee members maintain a continuing critical review of intelligence needs and intelligence research on Sino-Soviet Bloc trade.

2. Research and Collection Deficiencies

The Subcommittee took no action.

3. Priority National Economic Intelligence Objectives

The PNEIO's serve as no more than an adjunct to the complex and comprehensive system through which priority intelligence objectives in the field of Bloc trade are identified and pursued.

4. Review of Substantive Papers

The comprehensive annual study of China's trade and transport in 1966 and 1967 (preliminary) was published in March 1968 as EIC-R-16-S8.

5. Review of Proposals for External Research

The Subcommittee took no action.

6. Maintenance of Agreed Basic Statistics

The CIA/OER program to code and store basic Soviet trade data in an IBM system has been continued. The program is now being shifted to computer operations.

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7. Projects Undertaken at the Request of the EIC or Proposed to the EIC

In response to EIC request a preliminary analysis of Communist China's foreign trade in 1967 was published in June 1968 as CIA/ER/IM-68-54.

An analysis of Soviet foreign trade and payments in 1966 was published in September 1967 as RR IR 67-22.

8. Intelligence Research Techniques

The Subcommittee took no action.

9. Special Coordination Functions of the Subcommittee

Nothing to report.

10. Evaluation of the Role of the Subcommittee

Because of the open channels of communication that have been established among Subcommittee members in past years, an effective and harmonious system exists for coordinating intelligence on matters of mutual interest concerning international trade of the Sino-Soviet group. These channels are used as needed, with resulting benefits to all the participating agencies.

B. Future Program of the Subcommittee

The Subcommittee plans to maintain its role in discussing, supporting, reviewing, and coordinating selected intelligence research on the foreign trade of Communist Bloc countries. In FY 69 the subcommittee plans to resume ad hoc meetings on the foreign economic policies and activities of Communist countries.

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Executive Secretary

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EIC File

March 24, 1969

Dr. Edward L. Allen
Chairman, Economic Intelligence Committee
Central Intelligence Agency

Dear Ed:

I think your suggestion is a good one and I would support any formal proposal along these lines you make to the EIC members.

Two minor problems, however, trouble me a bit. First, is the competence of many of the current members of the Working Group on Communist economic and military aid matters appropriate to the wider interests of the proposed new Subcommittee? We can ill afford to lose the specialized knowledge of those who have been selected to serve on the Working Group; neither, in my view, should we dilute the competence of the Subcommittee on broader issues of international trade by having all or most of the current members of the Working Group serve as their agency's representatives on the Subcommittee. We might have to consider expanding the membership of the Subcommittee to include dual representation from agencies whose competence in trade and aid matters are lodged in different offices. I would think this would be true for DIA, NSAI, and perhaps others.

Second, I would wish to avoid complicating the coordination process of the biweekly and annual reports on aid to developing countries (which, in fact, have been the products of only three agencies) by subjecting them to review and clearance by Subcommittee members whose competence and interests are only tangentially related to communist foreign aid.

Perhaps, both of these misgivings could be eliminated by incorporating the Working Group into the Subcommittee as you suggest and, at the same time, preserving its identity and specialized competence. It could be a Working Group of the Subcommittee on Trade and Aid; the Chairman of the Subcommittee would also serve

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as the Chairman of the Working Group; and the reports of the Working Group would be issued under the aegis of the Subcommittee. The Federal Reserve and the Treasury, then, could retain their seats on the Subcommittee, and Agriculture would be a welcome addition to it.

These, of course, are only minor concerns, and should pose no obstacle to your objective of simplifying the EIC structure and putting all reports on trade and aid under a single subcommittee.

Sincerely,

Milton Kovner

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Control No. 5901
17 March 1969

MEMORANDUM FOR : Dr. Milton Kovner
Chairman, EIC Subcommittee on International
Trade and Finance and the Working Group
on Aid and Trade

SUBJECT : Consolidation of EIC Subcommittee on Trade
and Finance and the Working Group on
Aid and Trade

1. Following our conversation today on the possibility of consolidating the functions of the Working Group on Aid and Trade into the International Trade and Finance Subcommittee, I am enclosing a list of the membership of each. As you can see, the only possible problem would be representation by the Federal Reserve and the Treasury, which is probably more nominal than real.

2. If the missions and functions of the Working Group were consolidated into the Subcommittee, the name of the latter should be changed to reflect its broader scope. I would think a short title such as the Subcommittee on Trade and Aid would be adequate. This would leave out of the title anything to do with finance, but there have been no separate papers on finance published for a number of years.

3. After you have had an opportunity to think about this again, why not call me with your views. I can then make a formal proposal to the EIC members who, I believe, would go along with anything that both of us feel was desirable. The consolidation would have the beneficial effect of further cleaning up the EIC structure and putting all of the trade issuances under a single subcommittee.

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EDWARD L. ALLEN
Chairman

Enclosures:

As stated

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